

## STATE OF MAINE

## PUBLIC UTILITIES COMMISSION 242 State Street State House Station 18 Augusta, Maine 04333-0018 (207) 289-3831

October 21, 1988

TO:

All Utilities

FROM:

Barbara R. Alexander, Director, Consumer Assistance Division

SUBJECT: CAD Bulletin 88-4

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You have asked for a staff interpretation concerning Section 3(H) of the recently revised Chapter 81, Residential Utility Service Standards for Credit and Collection Programs. In particular, you asked whether or not this Section requires a utility to actually post a payment by the customer the same day it is received by the utility. If the customer mails his payment, pays at a different Division office than the one that is the office for his account, or pays at an authorized payment facility, payment is not posted to the customer's account on the day of receipt, but usually the following business day. It might be helpful to answer your question by considering several typical situations:

- 1. The customer makes payment on a current bill on the 32nd day after the postmark date of the bill. The Company posts this payment on the 33rd day. A disconnection notice is issued to this customer on the 32nd day because of Company did not have receipt of payment by the 30th day. This delay in generating a disconnection notice is done so as to assure that payment on the last possible day, i.e. the 30th day, has time to be posted before the account is reviewed for the generation of a disconnection notice. You have asked whether or not the notice can properly be issued under Chapter 81 because the Company did in fact have payment on the 32nd day, the same day the notice was issued.
- 2. The customer pays the current bill on the 25th day (i.e., the due date) at a payment agency. The utility does not post the payment until the 27th day. While the Company's tariff allows late fees after the 25th day, the actual practice is to review customer accounts on the 29th day or later prior to imposing late fees in order to accomodate the posting lag.

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3. The customer pays 3 days <u>after</u> the due date of a pending disconnection notice. If the customer in fact pays after the due date and disconnection occurs after the due date, you asked whether or not this complies with the requirement that payment must be treated as having been made on the date it is received by the utility itself or by one of its authorized payment agencies.

In each case, the customer has made payment on or after the due date of the bill or after the due date of a pending disconnection notice. Your procedures have built in a lag time to account for the delay of posting prior to the generation of the notice, the imposition of late fees, or the actual disconnection of the customer. However, no matter the amount of lag built into the system, you point out that there will always be an occasion in which the action by the customer, i.e. payment, and the action by the utility, i.e. notice, late fee, or actual disconnection, will overlap because of the delay in posting of the payment. However, even if the utility has a system in place by which payment on the day of receipt is posted to its accounts, there will inevitably be situations in which the posting and the action by the utility occur on the same day.

It is the intent of Chapter 81 to allow the customer the mandated period of time provided by the Rule in order to make payment or contact the utility. As long as the utility has built a lag into its system to review payments that were actually made as of the due date of the bill or the due date of the pending notice, this lag complies with the intent of Chapter 81. The purpose of Section 3(H) is to prevent a customer from paying on the 25th day and still being imposed late fees or paying on the 30th day and still receiving a disconnection notice. The same is true of the due date of the As long as the utility has procedures in place disconnection notice. to assure that no action will be taken until the customer's payment on or before the due date has been noted by the utility, your procedures comply with the intent of Chapter 81. The only way to assure instantaneous recordation of payment would be to institute an electronic funds transfer system. It was not the purpose of Chapter 81 to require all utilities subject to Section 3(H) to adopt a electronic funds transfer payment system or to require that a payment be posted on a specific day. It was the intent of this provision to require utilities to adopt a system that will assure that payment on the last possible date will prevent the initiation of adverse collection activity.

Obviously, a utility should adopt procedures to assure prompt recordation of customer payments. Even if the customer pays after

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the due date, an unreasonable delay in posting is not appropriate. The only situation that can cause significant harm is the actual disconnection of a customer who has in fact paid the amount overdue. Some utilities include a disclosure on the notice to alert customers to notify the utility by telephone of late payments in order to avoid this situation. It goes without saying that if a customer disputes a disconnection by alleging payment, the utility should immediately investigate and reconnect without fee if the customer is correct.

This is an informal staff interpretation of Chapter 81. You, of course, have the right to request an Advisory Ruling from the Commission pursuant to Chapter 11, Section 5 of the Commission's Rules. This staff interpretation will be issued as a CAD Bulletin so that all utilities will have the benefit of your question and our response.

BA/bh